

Straight talk about telemarketing

Fast Facts

Telemarketers may call only between 8 a.m. and 9 p.m. They must tell you that they're selling something—and who's doing the selling—before they make their pitch.

You can stop unwanted calls from telemarketers by telling them not to call back. If they do, they're breaking the law. Report them to the Bureau of Consumer Protection.

Before you pay for any products or services, you must be told the total cost and restrictions on getting or using them.

You know the routine. You sit down to dinner and the phone rings. You answer it. There's a pleasant voice trying to sell you something. If you're tempted by the offer, you'd better get the facts before a potential fraud gets you.

While most phone sales pitches are made on behalf of

legitimate organizations offering bona fide products and services, many sales calls are frauds. Consumers lose more than \$40 billion a year to telemarketing fraud. That's why we encourage you to be skeptical when you hear a phone solicitation and to be aware of a new law—the Telemarketing Sales Rule—that can help you protect yourself from abusive and deceptive telemarketers.

After you read this brochure you will know:

- how frauds work;
- how you can use the new Telemarketing Sales Rule to recognize a fraud and stop unwanted calls;
- how to protect yourself; and
- what to do if you've been scammed or want to file a complaint.

How telemarketing scams work

The heart of a fraudulent telemarketing operation is usually a "boiler room," a rented space with desks,

telephones, and experienced sales people who talk to hundreds of people across the country every day. Telephone fraud knows no race, ethnic, gender, age, education or income barriers. Anyone with a phone can be victimized by telemarketing scam artists.

Fraudulent telemarketers and sellers may reach you in several ways, but the telephone always plays an important role.

Cold calls

You may get a call from a stranger who got your number from a stranger who got your number from a telephone directory, mailing list, or "sucker list." A "sucker list" refers to lists of consumers who have lost money through fraudulent prize promotions or merchandise sales. These lists contain names, addresses, phone numbers, and other information, such as how much money was spent by people who have responded to telemarketing solicitations. "Sucker lists" are bought and

sold by unscrupulous promoters. They are invaluable to scam artists who know that consumers who have been deceived once are vulnerable to additional scams.

Direct mail

You may get a letter or postcard saying you've won a prize or a contest. This often is a front for a scam. Instructions tell you to respond to the promoter with certain information. If you do, you'll be called by a sales person who may use persuasive sales pitches, scare tactics, and exaggerated claims to deceive you and take your money.

Broadcast and print advertisements

In some cases, you may make the telephone call in response to a television, newspaper or magazine advertisement, or a direct mail solicitation. The fact that you make the call doesn't mean the business is legitimate or that you should be less cautious about buying or investing on the phone.

The telemarketing sales rule

The Federal Trade Commission's Telemarketing Sales Rule requires certain disclosures and prohibits

misrepresentations. It gives you the power to stop unwanted telemarketing calls and gives state law enforcement officers the authority to prosecute fraudulent telemarketers who operate across state lines.

The Rule covers most types of telemarketing calls to consumers, including calls to pitch goods, services, "sweepstakes," and prize promotion and investment opportunities. It also applies to calls consumers make in response to postcards or other materials received in the mail.

Keep this information near your telephone. It can help you determine if you are talking with a legitimate telemarketer or a scam artist.

It's illegal for a telemarketer to call you if you've asked not to be called. If they call back, hang up and report them to the Bureau of Consumer Protection.

Calling times are restricted to the hours between 8 a.m. and 9 p.m.

Telemarketers must tell you it's a sales call and who's doing the selling before they make their pitch. If it's a prize promotion, they must tell you that no purchase or payment is necessary to enter or win. If

you're asked to pay for a prize, hang up. Free is free.

It's illegal for telemarketers to misrepresent any information, including facts about their goods or services, earnings potential, profitability, risk or liquidity or an investment, or the nature of a prize in a prize-promotion scheme.

Telemarketers must tell you the total cost of the products or services offered and any restrictions on getting or using them, or that a sale is final or non-refundable, before you pay. In a prize promotion, they must tell you the odds of winning, that no purchase or payment is necessary to win, and any restrictions or conditions of receiving the prize.

It's illegal for a telemarketer to withdraw money from your checking account without your express, verifiable authorization.

Telemarketers cannot lie to get you to pay, no matter what method of payment you use.

You do not have to pay for credit repair, recovery room, or advance fee loan/credit services until these services have been delivered.

Credit repair companies claim that, for a fee, they can

change or erase accurate negative information from your credit report. Only time can erase such information.

Recovery room operators contact people who have lost money to a previous telemarketing scam and promise that, for a fee or donation to a specified charity, they will recover your lost money, or the product or prize never received from a telemarketer.

Advance-fee loans are offered by companies who claim they can guarantee you a loan for a fee paid in advance. The fee may range from \$100 to several hundred dollars.

If you have the slightest doubt about a telephone offer, wait until you can get information in writing and check it out!

Exceptions to the rule

While most types of telemarketing calls are covered by the rule, there are several exceptions. The rule does not cover the following situations:

- Calls placed by consumers in response to general media advertising (except calls responding to ads for investment opportunities, credit repair services,

recovery room services, or advance-fee loans.)

- Calls placed by consumers in response to direct mail advertising that discloses all the material information required by the Rule (except calls responding to ads for investment opportunities, prize promotions, credit repair services, recovery room services, or advance-fee loans).
- Catalog sales.
- Calls that are initiated by the consumer that are not made in response to any solicitation.
- Sales that are not completed, and payment or authorization for payment is not required, until there is a face-to-face sales presentation.
- Calls from one business to another unless nondurable office or cleaning supplies are being offered.
- Sales of pay-per-call services and sales of franchises. These are covered by other FTC rules.

Defensive moves

In addition to knowing about the Telemarketing Sales Rule, it's a good idea to keep the following tips in mind whenever you hear a phone solicitation:

- Resist high pressure sales tactics. Legitimate

businesses respect the fact that you're not interested.

- Take your time. Ask for written information about the product, service, investment opportunity, or charity that's the subject of the call.
- Before you respond to a phone solicitation, talk to a friend, family member, or financial advisor. Your financial investments may have consequences for people you care about.
- Check out testimonials to make sure they're genuine—not statements that have been bought or paid for.
- Don't send money—cash, check or money order—by courier, overnight delivery, or wire to anyone who insists on immediate payment.
- Keep information about your bank accounts and credit cards to yourself—unless you know who you're dealing with.
- Before you pay, check out the company with the Bureau of Consumer Protection. Call toll-free: 1-800-422-7128.

To report a scam

Fight telephone fraud. Report telephone scam artists to this office, the Bureau of Consumer Protection at 1-

800-422-7128. The Telemarketing Sales rule gives state law enforcement officers the power to prosecute fraudulent telemarketers who operate across state lines.

You also may call the National Fraud Information Center (NFIC) at 1-800-876-7060, 9 a.m. - 5:30 p.m. EST, Monday-Friday. NFIC is a private, non-profit organization that operates a consumer hot-line to provide services and assistance in filing complaints. NFIC also forwards appropriate complaints to the Federal

Trade Commission for entry on its telemarketing fraud database.

In addition, you may want to file a complaint with the FTC by writing to: Correspondence Branch, Federal Trade Commission, Washington, D.C. 20580. Although the FTC generally does not intervene in individual disputes, the information you provide may help indicate a pattern of possible law violations requiring action by the Commission.

For more information or to file a complaint, contact the Bureau of Consumer Protection at:

(800) 422-7128

FAX: (608) 224-4939

TTY: (608) 224-5058

E-MAIL:
datcp hotline@datcp.state.wi.us

WEBSITE:
<http://datcp.state.wi.us/>

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